

27 March 2008

**PRE-CLOSE PERIOD UPDATE
London Stock Exchange Group plc**

Unless otherwise stated, the following commentary refers to the 11 months ended 29 February 2008 and, where appropriate, to the corresponding period last year. Figures for Borsa Italiana refer to the same time periods although the business has only been part of London Stock Exchange Group since 1 October 2007.

London Stock Exchange Group plc (“the Exchange”) today issued a routine update ahead of the close period relating to the financial year ending 31 March 2008.

In summary, overall trading performance remains very strong:

- Average daily number of SETS trades increased strongly, up 86 per cent to 629,000, and average daily value traded up 43 per cent to £9bn; trading at Borsa Italiana was up 23 per cent to 288,000 trades/day and average daily value traded up 30 per cent to €6.2bn
- Professional terminals receiving LSE real time data continued to grow, up 22,000 since February 2007 and 4,000 since December 2007 to 138,000; professional users of Borsa Italiana data were up 13,000 to 158,000
- In Issuer Services, activity remained good with 365 new issues in London and 31 in Italy, maintaining our leading position in international IPOs
- Post trade operations recorded good levels of activity, with growth in clearing transaction volumes and settlement instructions, and a rise in average value of assets under custody

Commenting on current trading and outlook, Clara Furse, Chief Executive, said:

“The enlarged Exchange continues to perform very well overall, reflecting particularly strong growth in SETS order book trading in the final quarter. This underpins our confidence in a good result for the current financial year.

“Volume growth on SETS accelerated in the period, nearly doubling as the Exchange continues to benefit from high levels of market volatility, the notable shift to high frequency trading strategies and the substantially improved speed and execution certainty provided by TradElect, our new trading platform, which went live in June.

“Integration work with Borsa Italiana is on track and we look forward to the benefits from this combination, and further growth, in the coming year.”

Issuer Services

Issuer Services have performed well for the year to date although market conditions for new issuance in the latter part of the period have been slower.

In the 11 months to date there was a total of 365 new issues on the London markets (2007: 470), including 114 on the Main Market and PSM, an increase over last year (2007: 95). New issues on AIM remained good at 251 (2007: 375). International IPOs were strong with 84 in the period (2007: 89), more than the number on NYSE-Euronext and Nasdaq combined.

In Italy, new issue activity was good overall, with 31 new listed companies in the period (2007: 23), ETFs and ETCs saw strong growth with a total 160 new funds listed (2007: 51), with 6,096 new securitised derivatives listed (2007: 7,883) and 127 new bonds (2007: 130).

As at 29 February 2008, the total number of companies on our London markets increased to 3,286 (2007: 3,236), including 1,683 on AIM (2007: 1,632). At the same time there were 304 companies on the Italian market (2007: 288).

Trading Services

Trading Services has delivered an excellent performance for the year to date, in particular with trading on SETS, the London Stock Exchange's electronic order book, continuing its record of very strong growth into the final quarter of the year.

The average number of SETS bargains per day for the 11 months to date grew strongly, to 629,000 (2007: 338,000), an increase of 86 per cent, including record levels of trading in January with 913,000 trades/day. Trading at these increased levels has been facilitated by the successful introduction of TradElect in June 2007, with further latency and capacity upgrades in October 2007. This performance also reflects continuing growth in high frequency trading strategies by market users, enabled by investment in algorithmic trading programmes and an increase in derivatives-linked trading.

Average daily value traded on SETS increased 43 per cent to £9.0bn (2007: £6.3bn). Over the period, the average value of a SETS bargain decreased 23 per cent to £14,300 (2007: £18,500) which, together with market users benefiting from higher volume discounts, contributed to an average yield per bargain of £0.89 (2007: £1.34).

Shares trading in Italy increased 23 per cent, with 66.6 million trades in the period (2007: 54.0 million), and average daily trades up 23 per cent at 288,000 (2007: 234,000). Value traded increased 30 per cent to €1,427bn (2007: €1,094bn), and on an average daily basis was up 30 per cent to €6.2bn (2007: €4.7bn). Trading in January reached record levels although

there was a reduction in year on year growth in February, mainly reflecting recent falls in the value of the MIB Index and lower levels of volatility.

ETFs and ETCs trading increased 63 per cent, with 1.3 million trades in the period (2007: 0.8 million), while securitised derivatives trading reduced slightly to 4.0 million trades (2007: 4.3 million).

On the fixed income markets, bond turnover grew on MOT, Borsa Italiana's Electronic Bond and Government Securities Market (average daily value traded up 24 per cent to €606 million), and on MTS, the leading market in Europe for electronic trading of bonds (average daily value traded up 5 per cent to €11.7bn). MTS repo trading increased 2 per cent to an average daily value traded of €68.5bn.

Derivatives operations also performed well, with strong growth on both the Italian and London derivatives businesses. Trading on the Italian derivatives market IDEM grew 13 per cent to 34 million contracts (2007: 30 million), and contracts traded on EDX London increased 63 per cent to 44 million (2007: 27 million) driven in part by the introduction of Russian derivatives.

Information

Information operations have performed very well throughout the year, reflecting strong demand for real time price and trading data for both exchanges, as well as good demand for other information products.

The overall number of terminals taking real time LSE data rose strongly to 138,000, up 22,000 since the same point last year (28 February 2007: 116,000), fuelled in part by continued international demand. Of this total, 111,000 terminals were attributable to professional users, up 15,000 over the same time last year (28 February 2007: 96,000), and up 4,000 since the end of December 2007 (31 December 2007: 107,000).

In Italy there was good growth in the number of professional and private terminals of DDM Plus service (which provides real time Italian market data) to 158,000 and 738,000 respectively (2007: 145,000 and 721,000).

Post Trade

Post Trade operations, the Italian-based clearing, settlement and custody businesses, have seen good levels of activity during the year.

Clearing transaction volumes at the CC&G clearing business increased, with the number of equity contracts up 24 per cent to 68 million (2007: 55 million) and derivative contracts up 13 per cent to 34 million (2007: 30 million). Open interest at the end of February 2008 was up three per cent at 3.5 million contracts (2007: 3.4 million)

Monte Titoli saw a four per cent rise in the average value of assets under custody to €2.85 trillion (2007: €2.75 trillion). In the 11 month period, the

number of settlement instructions increased one per cent to 53.0 million (2007: 52.6 million).

Share Buyback Programme

The Exchange carried out on market share re-purchases since mid-January 2008, buying back nearly 2.9 million shares at a total cost of approximately £45 million. As at 26 March 2008 the number of ordinary shares in issue was 276,437,018.

Current Trading and Prospects

The Exchange has delivered a strong overall trading performance so far this financial year. Volume growth on SETS accelerated in the period, nearly doubling as the Exchange continues to benefit from high levels of market volatility, the notable shift to high frequency trading strategies and the substantially improved execution certainty provided by TradElect, our new trading platform, which went live in June. Demand for price and trading information from both exchanges remains good.

The Exchange remains confident of a good outcome for the current financial year, and looks forward to further growth in the coming year, including benefits from the combination with Borsa Italiana.

The Exchange expects to announce its Preliminary results for the year ending 31 March 2008 on 22 May 2008.

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